Robert Bosch Limited

Annual report and financial statements for the year ended 31 December 2020

Company Number: SC013418

Incorporated: 8 December 1924

Company information for the year ended 31 December 2020

Directors	J. Burton V. Rajakoba A. Srinivasan
Company secretary	J. Burton
Company number	SC013418
Registered office	C/o Bosch Rexroth Viewfield Industrial Estate Glenrothes United Kingdom KY6 2RD
Independent auditors	Ernst & Young LLP 400 Capability Green Luton LU1 3LU

Contents

Strategic report for the year ended 31 December 2020

(All amounts in £ thousands unless otherwise stated)

The directors present their strategic report for the year ended 31 December 2020.

Principal activities

The company's principal activity during the year was the sales, marketing, distribution and servicing of power tools and automotive products purchased mainly from within the Robert Bosch group of companies.

Results and dividends

The profit for the year, after taxation, amounted to £13,441 (2019: £5,734).

No dividend was paid during the year (2019: £6,705 equivalent to 72.10p per share).

The directors have recommended a dividend of £13,441 will be paid in relation to the year ended 31 December 2020, equivalent to 144.53p per share.

Review of the business

In 2020, revenue increased from £398,240 (restated) to £431,362 and profit before income taxation increased from £7,818 in 2019 to £15,459.

The Automotive Aftermarket Division continued positive development with strong growth resulting from Batteries replacement for vehicles not used during lockdown. The Power Tools sales division was driven by market growth as a result of Covid-19 demand as furloughed consumers made home improvements. This resulted in a significant strong growth in online distribution as customers shifted from physical to online shopping. Bosch Engineering Group development was less positive largely due to the vast majority of the automotive industry suspending production for three months, a gap that was not recovered once the industry re-opened.

The profit before taxation improved overall as a result of the improved sales development in Automotive Aftermarket and Power Tools, in addition to strict cost control measures implemented during the year. Operating profit has increased from £8,472 to £15,713.

The statement of financial position at the end of the year increased from prior year as the net asset position of the business was improved due to the retained profit in the year and the decision not to remit a dividend during the year together with a reduction in the pension liability.

Strategic report for the year ended 31 December 2020 (continued)

(All amounts in £ thousands unless otherwise stated)

Key performance indicators

The company has consolidated its performance during 2020 and continues to develop future growth by successfully distributing products and servicing its customers. Progress is monitored by the board and the divisional directors by reference to the following KPIs:

	2020	2019 (restated)	
Growth in sales (%)	**8.3**	20.8	Year on year sales growth expressed as a percentage.
Operating margin (%)	**3.6**	2.1	Operating margin is the ratio of operating profit (before exceptional items) to sales, expressed as a percentage.
Return on invested capital (%)	**43.0**	34.9	Operating profit expressed as a percentage of net assets (excluding pension deficit).
Value added per employee (£'000)	**151**	137	Value added is turnover less cost of material, divided by average employee capacity.

Principal risks and uncertainties

a) Financial risk management

The company's operations expose it to a variety of financial risks that include the effects of changes in price risk, credit risk, liquidity risk and interest rate risk. The company has in place a risk management programme that seeks to limit the adverse effects on the financial performance of the company by monitoring levels of debt finance and the related finance costs. The company does not use derivative financial instruments to manage interest rate costs and as such no hedge accounting is applied.

Given the size of the company, the directors have not delegated the responsibility of monitoring financial risk management to a sub-committee of the board. The policies set by the board of directors are implemented by the company's finance department.

b) Price risk

The company is exposed to commodity price risk as a result of its operations. However, given the size of the company's operations, the costs of managing exposure to commodity price risk exceed any potential benefits. The directors will continue to revisit the appropriateness of this policy should the company's operations change in size or nature.

c) Credit risk

Credit risk arises from cash and cash equivalents, and deposits with banks and financial institutions, as well as credit exposures to wholesale and retail customers, including outstanding receivables and committed transactions. If wholesale customers are independently rated, these ratings are used. If there is no independent rating, risk control assesses the credit quality of the customer, taking into account its financial position, past experience and other factors. Individual risk limits are set by the board. The utilisation of credit limits is regularly monitored. The amount of exposure to any individual counterparty is subject to a limit, which is reassessed annually by the board.

Strategic report for the year ended 31 December 2020 (continued)

(All amounts in £ thousands unless otherwise stated)

d) Liquidity risk

The company currently has no requirements for debt finance outside the Robert Bosch Group.

e) Interest rate cash flow risk

The company has interest bearing assets in the form of cash-pool balances held by Robert Bosch UK Holdings Limited. The interest-bearing assets are in the form of cash balances, the interest rate received on these balances is at the market rate. The company has a policy of maintaining debt at a fixed rate to ensure the certainty of future cash flows. These policies thereby limit the interest rate and cash flow risk.

f) Brexit

The company sells a significant part of its product into Europe and as such is exposed to any issues which may result in 2021 from Brexit whether this be logistical, cost or forex, the company using internal advisors has attempted to mitigate these risks where possible.

g) COVID-19

The company will continue to be exposed to COVID-19 risks whether this be at home or abroad, whilst the situation in the UK becomes clearer and a return to normal is slowly anticipated, other countries are not as fortunate and this still allows for issues relating to raw materials, logistics and product sales to potentially upset the businesses standing trading performance during the next 12 months.

Reporting on compliance with section 172 requirements

In performance of their statutory duties and in accordance with s172 (1) Companies Act 2006, the board of directors of Robert Bosch Limited consider, both individually and together, that they have acted in the way they consider, in good faith, would be most likely to promote the success of the company for the benefit of its members as a whole (having regard to the stakeholders and matters set out in s172 (1) (a-f) of the act) in the decisions taken during the year ended 31 December 2020.

Business

Each year, the Board undertakes an in-depth review of the Company's strategy, including a business plan for subsequent years. Once approved by the Board, the plan and strategy form the basis for financial budgets, resource plans and investment decisions and also the future strategic direction of the Company. In making decisions concerning the business plan and future strategy, the Board has regard to a variety of matters including the interests of various stakeholders, the consequences of its decisions in the long term and its long-term reputation.

Stakeholder engagement

With employees

Consultation with employees or their representatives has continued at all levels, with the aim of ensuring that their views are taken into account when decisions are made that are likely to affect their interests and that all employees are aware of the financial and economic performance of their business units and of the company as a whole. Communication with all employees continues through the in-house newspaper and newsletters, briefing groups and the distribution of the annual report.

The company is an equal opportunities employer. Applications for employment are always fully considered irrespective of gender, ethnic origin, race, religion, sexual orientation or disability.

Strategic report for the year ended 31 December 2020 (continued)

(All amounts in £ thousands unless otherwise stated)

Applications for employment by disabled persons are always fully considered, bearing in mind the respective attitudes and abilities of the applicant concerned. In the event of members of staff becoming disabled, every effort is made to ensure that their employment within the company continues and the appropriate training is arranged. It is the policy of the company that the training, career development and promotion of a disabled person should, as far as possible, be identical to that of a person who does not suffer from a disability.

With suppliers, customers, and others

As part of the global Bosch group, the company operates a "Code of Business Conduct" to which all associates are expected to adhere and receive regular training. It sets out how the company's associates are expected to act in their day to day business activities. In conjunction with the Bosch values, it provides a rock-solid foundation on which trust can grow – trust that is essential if the company is to grow and be successful for the benefit of all its stakeholders.

This includes, but is not limited to:

- Lawful, regulation-compliant, responsible, and fair conduct;
- Avoiding conflicts of interest;
- Keeping confidential information secret and handling sensitive data responsibly;
- Observing rules of fair competition, create unambiguous and documented agreements with suppliers and customers, and have a zero-tolerance to corruption in any form;
- Producing quality, safe products and services to the highest quality and reliability;
- Respect for the intellectual property of third parties.

Governance

The company's executive management is responsible for compliance to the Code of Business Conduct. The corporate internal auditing department (C/AU), including its local units, has an unlimited right to request information and conduct audits, provided these do not run contrary to statutory or company regulations.

By order of the board
pki, BOSCH, UK, J, O, Jonathan.Burton
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Date: 2021.09.13 14:06:51 +01'00'
J. Burton
Company Secretary

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Directors' report for the year ended 31 December 2020

(All amounts in £ thousands unless otherwise stated)

The directors present their Annual report and financial statements of the company for the year ended 31 December 2020.

Future developments

The company has taken the decision as allowed under s414C of the Companies Act 2006 not to disclose information about impending developments or matters in the course of negotiation as, in the opinion of the directors, such disclosure would be seriously prejudicial to the interests of the company.

Political donations and political expenditure

There were no political donations during the year (2019: £Nil).

Directors

The directors who held office during the year and up to the date of signing of the financial statements were as follows:

J. Burton

S. Hoffmann (resigned 1 December 2020)

V. Rajakoba (appointed 1 December 2020)

A. Srinivasan

Qualifying third-party and pension scheme indemnity provisions

The Robert Bosch group maintains liability insurance for its directors and officers. The group has also provided an indemnity for its directors and secretary, which is a qualifying third-party indemnity provision for the purposes of the Companies Act 2006. This indemnity was in place during the financial year and continues to be in place at the date of the approval of these financial statements.

Research and development

The company engages in research and development activity in relation to its automotive division.

The value charged to the income statement for 2020 was £54,913 (2019: £58,036).

Events after the end of the reporting period

Subsequent to the date of the statement of financial position, there were no events that are not disclosed in these financial statements.

Directors' report for the year ended 31 December 2020 (continued)

(All amounts in £ thousands unless otherwise stated)

Going concern

The company's business activities, together with the factors likely to affect its future development, its financial position and its exposure to risks are described in the strategic report.

The company has an excess of current assets over current liabilities of £33,922 at 31 December 2020 (2019: excess of current assets over current liabilities of £18,166). The company meets its day to day working capital requirements through its cash reserves and borrowings.

The current economic conditions continue to create uncertainty, particularly over the level of demand for the company's products. On March 23, 2020 the United Kingdom government extended previous guidance in response to the COVID 19 virus with a series of actions becoming effective immediately. Subsequently, additional lockdown and support measures were implemented, and these have continued into 2021. At the time there was a general consensus that these actions would have a wide range of severe impacts, which were uncertain, both in their severity and their duration.

However, the flexibility of the company's support systems, the implementation of home-working, and the strict adherence to COVID-19 measures where home-working was not possible, mitigated the severity of these impacts.

The company's forecasts and projections, taking account of reasonably possible changes in trading performance, show that the company should be able to operate within the level of its current cash reserves and borrowings.

The company is dependent on the continued support of the ultimate parent company, Robert Bosch GmbH. The ultimate parent company Robert Bosch GmbH has confirmed that it will provide financial support as necessary for the company to meet its liabilities as they fall due for a period of 12 months from the date of approval of these financial statements.

The Directors have assessed the ability of Robert Bosch GmbH to support the company and are satisfied that they are in a position to provide such support as and when required

After making enquiries, the Directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the annual report and accounts.

Streamlined Energy and Carbon Reporting framework

Energy Efficiency Measures

In the 2020 Robert Bosch Limited has undertaken the following energy efficiency measures:

The main target for Robert Bosch Limited and the Bosch UK group overall was to ensure compliance and alignment to the Bosch group's global targets as set by the Bosch group executive board of management which committed for Bosch group to be carbon neutral in electricity, gas and mobile emissions by 2020. This was achieved by the procurement of 100% green renewable electricity for all UK premises and offsetting of gas and direct transport emissions by centrally procured carbon credits from South Pole, a sustainability consultancy. South Pole are the organisation from which Bosch GmbH and all subsidiaries purchase carbon credits.

Robert Bosch Limited complied with this target.

Directors' report for the year ended 31 December 2020 (continued)

(All amounts in £ thousands unless otherwise stated)

Streamlined Energy and Carbon Reporting framework (continued)

In addition and to further improve sustainability awareness for 2021 and beyond, the UK Board of management, in conjunction with Robert Bosch Limited directors have also established a UK sustainability policy that targets key influences to achieve the committed science based target https://sciencebasedtargets.org/companies-taking-action#table. Specifically:

Robert Bosch GmbH commits to reduce absolute scope 1 and 2 GHG emissions 85% and absolute scope 3 GHG emissions 15% by 2030 from a 2018 base year. Robert Bosch GmbH also commits to increase annual sourcing of renewable electricity from 14% in 2018 to 100% by 2030. The target boundary includes biogenic emissions and removals from bioenergy feed stocks.

The targets covering greenhouse gas emissions from company operations (scopes 1 and 2) are consistent with reductions required to keep warming to 1.5°C. The renewable energy procurement target covering scope 2 emissions is consistent with reductions required to keep warming to 1.5°C.

Key pillars considered in the UK sustainability policy are;

- **Energy** – Procurement, monitoring, efficiency technology projects and overall reduction targets.
- **Waste** - Segregation, waste reduction, eradication of non-recyclable materials from waste stream, product whole-life cycle analysis.
- **Fleet vehicles** - Green policy, EV charging.
- **Sustainability Awareness** – Awareness and education for associates.
- **Supply chain compliance** – Evaluation and selection of supply chain for Bosch target compliance.

Energy reduction has been targeted by investment across the Bosch UK property portfolio, Robert Bosch Limited implemented a number of the following projects as part of the wider UK strategy;

- The installation of new Air Handling Plant to a number of our sites which are more energy efficient.
- We have continued to upgrade our lighting with LED lighting, in line with the global target for all properties to have LED lighting by 2023.
- Investment and implementation of Bosch building technology, monitoring and asset management systems (Bosch Energy Platform and Bosch Phantom).
- EV charging infrastructure.
- Planned investment in ageing mechanical and mechanical and electrical plant e.g. Invertor drives, motors, A/C split systems, BMS controls.

A number of sustainable feasibility studies are currently being investigated these include:

- Building management system controls and smart meters
- Blinds/solar controlled glass are installed to prevent glare and minimise solar gain;
- Water saving measures and leak detection;
- Heat recovery systems;
- Self-generation through renewable technologies with battery storage.

Directors' report for the year ended 31 December 2020 (continued)

(All amounts in £ thousands unless otherwise stated)

Streamlined Energy and Carbon Reporting framework (continued)

Annual Report Statement

British Independent Utilities (BiU) has supported the Company with its carbon footprint calculation which has been calculated using a methodology aligned with the principles of the Greenhouse Gas Protocol (GHG) Standard for Corporate Accounting and Reporting produced by the World Business Council for Sustainable Development (WBCSD) and the World Resources Institute (WRI) - a globally recognised standard. The GHG Protocol Standard is one of the recommended methodologies under SECR guidelines. The footprint utilises UK Government conversion factors for the year of reporting.

The data captured within this year's carbon footprint has predominantly been derived from a summary spreadsheet collated by Robert Bosch Limited. This included an overview of consumption figures for electricity, gas, water, waste, generators, and refrigerant gas, which was demonstrated through annual totals depending on the site to which it had been attributed to. Carbon emissions emitted from vehicles have been calculated based on the miles per annum (MPA) driven by each vehicle, in addition to fuel type.

Robert Bosch Limited				
Energy Consumption		**2020**	**2018**	**Variance**
Scope 1: Combustion of fuel and operation of facilities.	*LPG (kWh)*	0	0	0%
	Natural Gas (kWh)	1,839,485	1,849,970	-1%
	Transport (kWh)	1,318,523	2,199,154	-40%
	Total Scope 1 Energy (kWh)	**3,158,009**	**4,049,124**	**-22%**
Scope 2: Electricity purchased	*Electricity (kWh)*	1,701,057	2,161,404	-21%
Total Scope 1 and 2 Energy Consumption (kWh)		**4,859,065**	**6,210,528**	**-22%**

Emissions Assessment		**2020**	**2018**	**Variance**
Scope 1: Combustion of fuel and operation of facilities.	*LPG (tCO_2e)*	0	0	0%
	Natural Gas (tCO_2e)	338	340	-1%
	Transport (tCO_2e)	316	538	-41%
	Total Scope 1 (tCO_2e)	**654**	**878**	**-26%**
Scope 2: Electricity purchased and heat and steam generated	*Location based (LB) (tCO_2e)*	396	612	-35%
	Market based (LB) (tCO_2e)	310	389	-20%
Location based	***Total Scope 1 and 2 Emissions (tCO_2e)***	**1,050**	**1,490**	**-30%**
Market based	***Total Scope 1 and 2 Emissions (tCO_2e)***	**964**	**1,267**	**-24%**

Intensity Metric Assessment		**2020**	**2018**	**Variance**
Intensity Ratio 1	***tCO_2e/£m Revenue***	**2.44**	**4.52**	**-46%**

Directors' report for the year ended 31 December 2020 (continued)

(All amounts in £ thousands unless otherwise stated)

Streamlined Energy and Carbon Reporting framework (continued)

BASE YEAR - The base year chosen for all future SECR comparisons is the Financial Year 2018 (Jan to Dec). This is the most representative year due to COVID-19 impact on energy use and associated emissions on 2020.

EXCLUSIONS - No mandatory emissions have been excluded from this report.

EMISSIONS FACTORS APPLIED - DEFRA 2020/21

METHODOLOGY - This report is aligned with GHG protocol. The emissions identified in the report are those resulting from the use of Electricity, Natural Gas, Transportation Fuels & LPG.

ESTIMATIONS - Where energy data was not available for the reporting period, this was estimated using a hierarchical approach based upon information available.

1. Pro-rata extrapolation of the figures where part year data was available
2. Substitution of figures from previous/following years where no data was available
3. Estimation using average consumption values.

SCOPE OF EMISSIONS INCLUDED IN THE REPORT - Electricity, Natural gas, Direct Transport.

Disclosure of information to auditors

The directors who held office at the date of approval of this directors' report confirm that:

- As far as they are each aware, there is no relevant audit information of which the company's auditors are unaware; and
- each director has taken all the steps that he/she ought to have taken as a director to make himself/herself aware of any relevant audit information and to establish that the company's auditors are aware of that information.

Disclosure requirements

In accordance with the Companies Act 2006 s414C(ii), the company's Strategic Report contains certain disclosures required in the Directors' Report.

Reappointment of auditor

In accordance with s485 of the Companies Act 2006, a resolution for the re-appointment of Ernst & Young LLP as auditor of the company is to be proposed at the forthcoming Annual General Meeting.

By order of the board

pki, BOSCH, UK, J, O, Jonathan.Burton

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J. Burton
Company Secretary

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Statement of directors' responsibilities for the year ended 31 December 2020

(All amounts in £ thousands unless otherwise stated)

The directors are responsible for preparing the Strategic Report, Directors' Report and the financial statements in accordance with applicable United Kingdom law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the company financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law), including Financial Reporting Standard 101 Reduced Disclosure Framework ("FRS 101"). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period.

In preparing these financial statements the directors are required to:

- select suitable accounting policies in accordance with IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information;
- provide additional disclosures when compliance with the specific requirements in FRS 101 is insufficient to enable users to understand the impact of particular transactions, other events and conditions on the company financial position and financial performance;
- in respect of the company financial statements, state whether applicable UK Accounting Standards, including FRS 101, have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is appropriate to presume that the company will not continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the company financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Under applicable law and regulations, the directors are also responsible for preparing a strategic report, directors' report, that comply with that law and those regulations. The directors are responsible for the maintenance and integrity of the corporate and financial information included on the company's website.

By order of the board

pki, BOSCH, UK, J, O, Jonathan.Burton
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J. Burton
Company Secretary

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Independent auditors' report to the members of Robert Bosch Limited

Report on the audit of the financial statements

Opinion

We have audited the financial statements of Robert Bosch Limited for the year ended 31 December 2020 which comprise the Income Statement, the Statement of Comprehensive Income, the Statement of Financial Position, the Statement of Changes in Equity and the related notes 1 to 24 including a summary of significant accounting policies The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards including FRS 101 "Reduced Disclosure Framework" (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the company's affairs as at 31 December 2020 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the company's ability to continue as a going concern for a period of 12 months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report. However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the company's ability to continue as a going concern.

Other information

The other information comprises the information included in the annual report other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the annual report.

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in this report, we do not express any form of assurance conclusion thereon.

Independent auditors' report to the members of Robert Bosch Limited (continued)

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of the other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and directors' report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or directors' report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of directors

As explained more fully in the directors' responsibilities statement (set out on page 12), the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Independent auditors' report to the members of Robert Bosch Limited (continued)

Explanation as to what extent the audit was considered capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect irregularities, including fraud. The risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below. However, the primary responsibility for the prevention and detection of fraud rests with both those charged with governance of the entity and management.

Our approach was as follows:

- We obtained an understanding of the legal and regulatory frameworks that are applicable to the company and determined that the most significant to be those relating to the United Kingdom Generally Accepted Accounting Practice, the Companies Act 2006, and United Kingdom direct and indirect tax regulations. In addition, the company must comply with operational and employment laws and regulations including health and safety regulations, environmental regulations and GDPR.

- We understood how Robert Bosch Limited is complying with those frameworks by making enquiries of senior finance personnel and those charged with governance and gaining an understanding of the entity level controls of the company in respect of these areas and the controls in place to reduce opportunity for fraudulent transactions.

- We assessed the susceptibility of the company's financial statements to material misstatement, including how fraud might occur by meeting with management, and those charged with governance to understand where it considered there was susceptibility to fraud. We considered the procedures and controls that the company has established to address risks identified, or that otherwise prevent, deter and detect fraud and gained an understanding as to how those procedures and controls are implemented and monitored. We determined there to be a risk of management override in relation to the posting of non-standard manual journals in respect of revenue, and the estimates inherent in respect of the warranty and rebate calculations. To address the risk of management override, we have used data analytics and obtained the entire population of journals for the year, and identified specific transactions for further investigation based on certain criteria. We understood the transactions identified for testing and agreed them to source documentation. With respect to rebates, we performed substantive procedures to gain assurance over the balance, which included agreement to rebate contracts, vouching the appropriateness of assumptions made and/or confirming amounts settled pre and post year-end. For warranty, we have corroborated managements assumptions by agreeing to either historical trends and data or actual current cost information.

- Based on this understanding we designed our audit procedures to identify noncompliance with such laws and regulations. Our procedures included obtaining and reading board and management meeting minutes and relevant approval documents, enquiries of senior finance personnel and those charged with governance and agreement of samples of transactions throughout the audit to supporting source documentation.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at https://www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Independent auditors' report to the members of Robert Bosch Limited (continued)

Use of our report

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Ernst & Young LLP

Mandip Dosanjh (Senior Statutory Auditor)
for and on behalf of Ernst & Young LLP, Statutory Auditor
Luton

13 September 2021

Income statement for the year ended 31 December 2020

(All amounts in £ thousands unless otherwise stated)

		Year ended 31 December	
Continuing operations	*Note(s)*	**2020**	2019 (Restated)
Revenue	*4*	**431,362**	398,240
Cost of sales		**(336,564)**	(301,222)
Gross profit		**94,798**	97,018
Distribution costs		**(55,261)**	(44,405)
Administrative expenses		**(28,433)**	(47,464)
Net impairment gains on financial and contract assets	*5*	**354**	474
Other income/(expense)		**4,255**	2,849
Operating profit	*6*	**15,713**	8,472
Finance income	*8*	**97**	163
Finance expense	*8*	**(351)**	(817)
Finance expense - net	*8*	**(254)**	(654)
Profit before income tax		**15,459**	7,818
Income tax expense	*9*	**(2,018)**	(2,084)
Profit for the financial year		**13,441**	5,734

The notes on pages 21 of 54 are an integral part of these financial statements.

All activity is derived from continuing operations.

Statement of comprehensive income for the year ended 31 December 2020

(All amounts in £ thousands unless otherwise stated)

		Year ended 31 December	
	Note(s)	**2020**	2019
Profit for the financial year		**13,441**	5,734
Other comprehensive income/(expense): items that will not be reclassified to profit and loss:			
Actuarial gain/(loss) on pension scheme	*19*	**1,001**	(2,901)
Gain on pension valuation due to pension transferred in	*19*	**-**	1,618
Movement on deferred tax relating to pension deficit	*19*	**(190)**	493
Other comprehensive income/(expense) for the year, net of tax		**811**	(790)
Total comprehensive income for the year		**14,252**	4,944

The notes on pages 21 of 54 are an integral part of these financial statements.

Statement of financial position

(All amounts in £ thousands unless otherwise stated)

	Note	As at 31 December 2020	2019
Fixed assets			
Intangible assets	*10*	**1,965**	2,714
Property, plant and equipment	*11*	**3,005**	4,409
Right-of-use assets	*12*	**5,016**	7,943
		9,986	15,066
Current assets			
Inventories	*13*	**1,990**	3,127
Trade and other receivables (including £3,306 (2019: £3,278) due after more than one year)	*14*	**97,919**	82,894
Cash and cash equivalents		**37,347**	5,885
		137,256	91,996
Creditors: amounts falling due within one year	*16*	**(103,334)**	(73,830)
Net current assets		**33,922**	18,166
Total assets less current liabilities		**43,908**	33,232
Creditors: amounts falling due after more than one year	*17*	**(5,590)**	(7,729)
Provisions for liabilities	*18*	**(1,747)**	(1,220)
Pension liability	*19*	**(7,841)**	(9,805)
Net assets		**28,730**	14,478
Equity			
Share capital	*20*	**9,300**	9,300
Retained earnings		**19,430**	5,178
Total shareholders' funds		**28,730**	14,478

The notes on pages 21 of 54 are an integral part of these financial statements.

These financial statements were authorised for issue by the board of directors on .... 2021 and were signed on its behalf.

pki, BOSCH, UK, V, O, Vonjy.Rajakoba
Digitally signed by pki, BOSCH, UK, V, O, Vonjy.Rajakoba
Date: 2021.09.13 15:43:15 +01'00'

Mr. V. Rajakoba
Director

Robert Bosch Limited
Registered no. SC013418

Statement of changes in equity for the year ended 31 December 2020

(All amounts in £ thousands unless otherwise stated)

	Notes	Share capital	Retained earnings	Total
Balance as at 1 January 2019		9,300	6,939	**16,239**
Profit for the financial year		-	5,734	**5,734**
Other comprehensive income for the year:				
Gain on pension valuation due to pension transferred in	19	-	1,618	**1,618**
Actuarial gains on pension scheme	19	-	(2,901)	**(2,901)**
Movement on deferred tax relating to pension deficit		-	493	**493**
Total comprehensive income for the year		-	4,944	**4,944**
Dividends	20	-	(6,705)	**(6,705)**
Total transactions with owners, recognised directly in equity		-	(6,705)	**(6,705)**
Balance as at 31 December 2019		9,300	5,178	**14,478**
Balance as at 1 January 2020		**9,300**	**5,178**	**14,478**
Profit for the financial year		-	13,441	**13,441**
Other comprehensive income for the year:				
Actuarial gains on pension scheme	19	-	1,001	**1,001**
Movement on deferred tax relating to pension deficit		-	(190)	**(190)**
Total comprehensive income for the year		-	14,252	**14,252**
Balance as at 31 December 2020		**9,300**	**19,430**	**28,730**

The notes on pages 21 of 54 are an integral part of these financial statements.

Notes to the financial statements

(All amounts in £ thousands unless otherwise stated)

1 General information

Robert Bosch Limited sells, markets, distributes and services power tools and automotive products purchased mainly from within the Robert Bosch group of companies.

The company is a private limited company and is incorporated and domiciled in the United Kingdom.

2 Significant accounting policies

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

2.1 Basis of Preparation

The financial statements of Robert Bosch Limited have been prepared in accordance with Financial Reporting Standard 101, 'Reduced Disclosure Framework' (FRS 101). The financial statements have been prepared under the historical cost convention, as modified by the revaluation of land and buildings and derivative financial assets and financial liabilities measured at fair value through profit or loss, and in accordance with the Companies Act 2006.

The preparation of financial statements in conformity with FRS 101 requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the company's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in note 3.

The following exemptions from the requirements of IFRS have been applied in the preparation of these financial statements, in accordance with FRS 101:

- Paragraphs 45(b) and 46 to 52 of IFRS 2, 'Share-based payment' (details of the number and weighted average exercise prices of share options, and how the fair value of goods or services received was determined).
- IFRS 7, 'Financial instruments: Disclosures'.
- Paragraphs 91 to 99 of IFRS 13, 'Fair value measurement' (disclosure of valuation techniques and inputs used for fair value measurement of assets and liabilities).
- The requirements of the second sentence of paragraph 110 and paragraphs 113(a), 114, 115, 118, 119(a) to (c), 120 to 127 and 129 of IFRS 15, 'Revenue from contracts with customers".
- Paragraph 38 of IAS 1, 'Presentation of financial statements' – comparative information requirements in respect of:
    i. paragraph 79(a)(iv) of IAS 1;
    ii. paragraph 73(e) of IAS 16, 'Property, plant and equipment'; and
    iii. paragraph 118(e) of IAS 38, 'Intangible assets' (reconciliations between the carrying amount at the beginning and end of the period).
- The following paragraphs of IAS 1, 'Presentation of financial statements':
    i. 10(d) (statement of cash flows);
    ii. 16 (statement of compliance with all IFRS);
    iii. 38A (requirement for minimum of two primary statements, including cash flow statements);
    iv. 38B–D (additional comparative information);
    v. 111 (cash flow statement information); and
    vi. 134–136 (capital management disclosures).
- IAS 7, 'Statement of cash-flows'.

Notes to the financial statements (continued)

(All amounts in £ thousands unless otherwise stated)

2.1 Basis of Preparation (continued)

- Paragraphs 30 and 31 of IAS 8, 'Accounting policies, changes in accounting estimates and errors' (requirement for the disclosure of information when an entity has not applied a new IFRS that has been issued but is not yet effective).
- Paragraph 17 of IAS 24, 'Related party disclosures' (key management compensation). The requirements in IAS 24, 'Related party disclosures', to disclose related party transactions entered into between two or more members of a group.

2.1.1 Going concern

The company's business activities together with the factors likely to affect its future development, its financial position and exposure to risks are described in the Strategic Report.

The company's business activities, together with the factors likely to affect its future development, its financial position and its exposure to risks are described in the strategic report.

The company has an excess of current assets over current liabilities of £33,922 at 31 December 2020 (2019: excess of current assets over current liabilities of £18,166). The company meets its day to day working capital requirements through its cash reserves and borrowings.

The current economic conditions continue to create uncertainty, particularly over the level of demand for the company's products. On March 23, 2020 the United Kingdom government extended previous guidance in response to the COVID 19 virus with a series of actions becoming effective immediately. Subsequently, additional lockdown and support measures were implemented, and these have continued into 2021. At the time there was a general consensus that these actions would have a wide range of severe impacts, which were uncertain, both in their severity and their duration.

However, the flexibility of the company's support systems, the implementation of home-working, and the strict adherence to COVID-19 measures where home-working was not possible, mitigated the severity of these impacts.

The company's forecasts and projections, taking account of reasonably possible changes in trading performance, show that the company should be able to operate within the level of its current cash reserves and borrowings.

The company is dependent on the continued support of the ultimate parent company, Robert Bosch GmbH. The ultimate parent company Robert Bosch GmbH has confirmed that it will provide financial support as necessary for the company to meet its liabilities as they fall due for a period of 12 months from the date of approval of these financial statements.

The Directors have assessed the ability of Robert Bosch GmbH to support the company and are satisfied that they are in a position to provide such support as and when required

After making enquiries, the Directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the annual report and accounts.

2.1.2 New standards, amendments and IFRIC interpretations

There are no amendments to accounting standards, or IFRIC interpretations that are effective for the year ended 31 December 2020 that have had a material impact on the company.

Notes to the financial statements (continued)

(All amounts in £ thousands unless otherwise stated)

2.1.3 Prior year adjustments

In preparation of the financial statements for the year ended 31 December 2020, management have reviewed the classification of inter-company revenue in the Income Statement. Intercompany revenue has previously been recognised as a deduction from administrative expenses. Management have considered the nature of this revenue and considered that this is akin to external revenue recognised by the company. Management consider that this treatment would also be correct for the comparative year ended 31 December 2019.

Accordingly, revenue for the year ended 31 December 2019 has been restated from £360,417 to £398,240 and administrative costs restated from £9,641 to £47,464. There is no impact on the overall result for the company or the Statement of Financial Position at 31 December 2019. Nor is there any impact on the retained earnings of the company at 31 December 2019.

2.2 Consolidation

The company is a wholly owned subsidiary of Robert Bosch UK Holdings Limited and of its ultimate parent, Robert Bosch GmbH. It is included in the consolidated financial statements of Robert Bosch GmbH, which are publicly available. Therefore, the company is exempt, by virtue of section 400 of the Companies Act 2006, from the requirement to prepare consolidated financial statements. The address of the ultimate parent's registered office is Robert Bosch GmbH, Robert Bosch Platz 1, Gerlingen-Schillerhöhe, D-70049 Stuttgart, Germany.

These financial statements are those of the company and not of the group.

2.3 Foreign currency translation

a) Functional and presentation currency

Items included in the financial statements of the company are measured using the currency of the primary economic environment in which the company operates ('the functional currency'). The financial statements are presented in 'Pounds Sterling' (£), which is also the company's functional currency.

b) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are remeasured. Foreign exchange gains and losses resulting from the settlement of such transactions, and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies, are recognised in the income statement, except when deferred in other comprehensive income as qualifying cash flow hedges. All other foreign exchange gains and losses are presented in the income statement within 'Other operating income'.

Notes to the financial statements (continued)

(All amounts in £ thousands unless otherwise stated)

2.4 Property, plant and equipment

Property, plant and equipment is stated at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items. Cost could also include transfers from equity of any gains/losses on qualifying cash flow hedges of foreign currency purchases of property, plant and equipment.

Depreciation is calculated using the straight-line method to allocate cost or revalued amounts less residual values over estimated useful lives, as follows:

- Long-term leasehold property and improvements 10 years or the anticipated term of the lease if shorter
- Plant and machinery 3–10 years

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

An asset's carrying amount is written down immediately to its recoverable amount if it is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount, and they are recognised within 'Other income' in the income statement.

2.5 Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined using the first-in, first-out (FIFO) method. The cost of finished goods and work in progress comprises design costs, raw materials, direct labour, other direct costs and related production overheads (based on normal selling capacity). It excludes borrowing costs. Net realisable value is the estimated selling price in the ordinary course of business, less applicable variable selling expenses.

2.6 Intangible assets

Amortisation on intangible assets is calculated using the straight-line method to allocate cost or revalued amounts over their estimated useful lives, as follows:

- Software 4 years
- Customer Contracts 4 years
- Intellectual property - transferred customer relationships 8-15 years
- Intellectual property - technology 15 years

Intellectual property includes transferred customer relationship assets and technology assets.

Customer relationship assets are recognised when acquired as part of a business combination at the fair value at the date of acquisition.

Technology assets are recognised when acquired as part of a business combination at the fair value at the date of acquisition.

Notes to the financial statements (continued)

(All amounts in £ thousands unless otherwise stated)

2.7 Impairment of non-financial assets

Non-financial assets that are not ready to use and are not subject to amortisation are tested annually for impairment. Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount might not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are largely independent cash inflows (cash-generating units). Prior impairments of non-financial assets (other than goodwill) are reviewed for possible reversal at each reporting date.

2.8 Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

2.8.1 Financial asset – recognition and measurement

Financial assets are recognised when the entity becomes a party to the contract and, as a consequence, has a legal right to receive cash.

All financial assets are initially measured at fair value plus, in the case of financial assets not recorded at fair value through profit or loss, transaction costs that are attributable to the acquisition of the financial asset. Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the marketplace (regular way trades) are recognised on the trade date, i.e., the date that the company commits to purchase or sell the asset.

All recognised financial assets are subsequently measured in their entirety at either amortised cost or fair value, depending on the classification of the financial assets.

The company classifies its financial assets in the following categories: at fair value through profit or loss; and loans and receivables. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition.

2.8.2 Financial asset - recognition and movement

(a) Financial assets at fair value through profit or loss or at fair value through other comprehensive income

Financial assets at fair value through other comprehensive income (FVOCI) comprise:

Equity securities which are not held for trading, and which the Company has irrevocably elected at initial recognition to recognise in this category. These are strategic investments and the group considers this classification to be more relevant.

Debt securities where the contractual cash flows are solely principal and interest and the objective of the Company's business model is achieved both by collecting contractual cash flows and selling financial assets.

However, there are no instruments which have been classified under this category.

Notes to the financial statements (continued)

(All amounts in £ thousands unless otherwise stated)

2.8.2 Financial asset - recognition and movement (continued)

(b) Financial assets at amortised cost

The company classifies its financial assets as at amortised cost only if both of the following criteria are met:

- the asset is held within a business model whose objective is to collect the contractual cash flows, and

- the contractual terms give rise to cash flows that are solely payments of principal and interest. This category is the most relevant to the company. After initial measurement, such financial assets are subsequently measured at amortised cost using the effective interest rate (EIR) method. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included in finance income in the profit or loss. The losses arising from impairment are recognised in the profit or loss.

(c) Financial assets at fair value through profit or loss

The following financial assets are classified at fair value through profit or loss (FVPL):

- debt investments that do not qualify for measurement at either amortised cost (see note (a) and (b) above)

- equity investments that are held for trading, and

- equity investments for which the entity has not elected to recognise fair value gains and losses through OCI.

The company has no financial assets measured at fair value through profit or loss.

2.8.3 Impairment of financial assets

In accordance with IFRS 9, the company applies expected credit loss (ECL) model for measurement and recognition of impairment loss on the following financial assets and credit risk exposure:

a) Financial assets that are debt instruments, and are measured at amortised cost e.g., loans, debt securities, deposits, trade receivables and bank balance.

b) Trade receivables or any contractual right to receive cash or another financial asset that result from transactions that are within the scope of IFRS 15.

For trade and other receivables, the company applies the IFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables. To measure the expected credit losses and trade receivables have been grouped based on shared credit risk characteristics and the days past due.

2.8.4 Financial liabilities - recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables, or as derivatives as appropriate.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

The company's financial liabilities comprise of trade creditors, amounts owed to group undertakings and bank overdrafts.

Notes to the financial statements (continued)

(All amounts in £ thousands unless otherwise stated)

2.8.5 Subsequent measurement

The measurement of financial liabilities depends on their classification, as described below:

(a) Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss. Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term.

The company does not have any financial liabilities which are subsequently re-measured at fair value through profit or loss.

(b) Loans and borrowings
After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the EIR amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in the statement of profit and loss.

2.8.6 De-recognition

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the de-recognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the statement of profit or loss.

2.8.7 Offsetting financial instruments

Financial assets and liabilities are offset and the net amount is reported in the balance sheet where there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously.

2.9 Current and deferred tax

The tax expense for the period comprises current and deferred tax. Tax is recognised in the income statement, except to the extent that it relates to items recognised in other comprehensive income or directly in shareholders' funds. In this case, the tax is also recognised in other comprehensive income or directly in shareholders' funds, respectively.

The current tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the date of the statement of financial position in the countries where the company operates and generates taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions, where appropriate, on the basis of amounts expected to be paid to the tax authorities.

Deferred tax is recognised on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. However, deferred tax liabilities are not recognised if they arise from the initial recognition of goodwill; or arise from initial recognition of an asset or liability in a transaction other than a business combination that, at the time of the transaction, affects neither accounting, nor taxable, profit or loss. Deferred tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the date of the statement of financial position and are expected to apply when the related deferred tax asset is realised or the deferred income tax liability is settled.

Notes to the financial statements (continued)

(All amounts in £ thousands unless otherwise stated)

2.9 Current and deferred tax (continued)

Deferred tax assets are recognised only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

2.10 Employee benefits

The company operates various post-employment schemes, including both defined benefit and defined contribution pension plans and post-employment medical plans.

a) Defined contribution scheme

A defined contribution plan is a pension plan under which the company pays fixed contributions into a separate entity. The company has no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods. A defined benefit plan is a pension plan that is not a defined contribution plan.

For defined contribution plans, the company pays contributions to publicly or privately administered pension insurance plans on a mandatory, contractual or voluntary basis. The company has no further payment obligations once the contributions have been paid. The contributions are recognised as employee benefit expense when they are due. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in the future payments is available.

b) Defined benefit scheme

Typically, defined benefit plans define an amount of pension benefit that an employee will receive on retirement, usually dependent on one or more factors, such as age, years of service and compensation.

The company operates a defined benefit scheme based on final pensionable pay. The assets of the scheme are held separately from those of the company, being invested in managed funds.

The liability recognised in the statement of financial position in respect of defined benefit pension plans is the present value of the defined benefit obligation at the end of the reporting period, less the fair value of plan assets. The defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using interest rates of high-quality corporate bonds that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating to the terms of the related pension obligation. In countries where there is no deep market in such bonds, the market rates on government bonds are used.

Remeasurement gains and losses arising from experience adjustments and changes in actuarial assumptions are charged or credited to shareholders' funds in other comprehensive income in the period in which they arise.

The amount charged or credited to finance costs is a net interest amount calculated by applying the liability discount rate to the net defined benefit liability or asset together with the expected return on assets.

The amount recognised in the income statement relates to current service costs and gains and losses on settlements or curtailments. Past service costs are recognised immediately in the income statement.

Notes to the financial statements (continued)

(All amounts in £ thousands unless otherwise stated)

2.11 Provisions

Provisions for environmental restoration, restructuring costs and legal claims are recognised where: the company has a present legal or constructive obligation as a result of past events; it is probable that an outflow of resources will be required to settle the obligation; and the amount has been reliably estimated. Reorganisation provisions comprise lease termination penalties and employee termination payments. Provisions are not recognised for future operating losses.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations is small.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognised as interest expense.

2.12 Revenue recognition

Revenue is recognised in according with the requirements of IFRS 15 'Revenue from Contracts with Customers'. The Company recognises revenue to depict the transfer of promised goods and services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. This core principle is delivered in a five-step model framework:

1. Identify the contract(s) with the customer;
2. Identify the performance obligations in the contract;
3. Determine the transaction price;
4. Allocate the transaction price to the performance obligations in the contract; and
5. Recognise revenue when (or as) the entity satisfy a performance obligation.

(a) Sale of goods

Sales of goods are recognised when the company has delivered products to the customer, the customer has full discretion over the channel and price for selling the products onwards, and there is no unfulfilled obligation that could affect the wholesaler's acceptance of the products. Delivery does not occur until the products have been shipped to the specified location, the risks of obsolescence and loss have been transferred to the customer, and either the customer has accepted the products in accordance with the sales contract, the acceptance provisions have lapsed or the company has objective evidence that all criteria for acceptance have been satisfied. The company's products are often sold with volume discounts, and customers have a right to return faulty products in the wholesale market. Sales are recorded based on the price specified in the sales contracts, net of the estimated volume discounts and returns at the time of sale. Accumulated experience is used to estimate and provide for the discounts and returns. The volume discounts are assessed based on anticipated annual purchases. No element of financing is deemed present, because the sales are made with a credit term which is consistent with the market practice.

(b) Internet revenue

Revenue from the provision of the sale of goods on the internet is recognised at the point that the risks and rewards of the inventory have passed to the customer, which is the point of dispatch. Transactions are settled by credit or payment card.

Provisions are made for internet credit notes based on the expected level of returns, which in turn is based on the historical rate of returns.

Notes to the financial statements (continued)

(All amounts in £ thousands unless otherwise stated)

2.12 Revenue recognition (continued)

(c) Sale of services

The company sells design services to other manufacturers. For sales of services, revenue is recognised in the accounting period in which the services are rendered, by reference to stage of completion of the specific transaction and assessed on the basis of the actual service provided as a proportion of the total services to be provided.

2.13 Finance income/(expense)

Finance income/(expense) is recognised using the effective interest rate method. In calculating interest income/(expense), the effective interest rate is applied to the gross carrying amount of the asset, when the asset is not impaired or to the amortised cost of the liability for interest expense. For financial assets that have been impaired after initial recognition, interest income is calculated by applying the effective interest rate to the amortised cost of the financial asset. If the asset is no longer impaired the interest income calculation reverts to the gross carrying amount.

2.14 Leases

The company leases various offices, warehouses, equipment and vehicles. Rental contracts are typically made for fixed periods of 6 months to 8 years, but may have extension options as described below.

Contracts may contain both lease and non-lease components. The company allocates the consideration in the contract to the lease and non-lease components based on their relative stand-alone prices. However, for leases of real estate for which the company is a lessee, it has elected not to separate lease and non-lease components and instead accounts for these as a single lease component.

Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose any covenants other than the security interests in the leased assets that are held by the lessor. Leased assets may not be used as security for borrowing purposes.

Until the 2018 financial year, leases of property, plant and equipment were classified as either finance leases or operating leases, see note 22 for details. From 1 January 2019, leases are recognised as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use by the company.

Leases where the individual lease value is below £5,000 have not been reclassified as right-of-use assets but continue as operating leases. See note 22.

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payments:

- fixed payments (including in-substance fixed payments), less any lease incentives receivable;
- variable lease payment that are based on an index or a rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable by the company under residual value guarantees;
- the exercise price of a purchase option if the company is reasonably certain to exercise that option; and
- payments of penalties for terminating the lease, if the lease term reflects the company exercising that option.

Lease payments to be made under reasonably certain extension options are also included in the measurement of the liability.

Notes to the financial statements (continued)

(All amounts in £ thousands unless otherwise stated)

2.14 Leases (continued)

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, which is generally the case for leases in the company, the lessee's incremental borrowing rate is used, being the rate that the individual lessee would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, security and conditions.

To determine the incremental borrowing rate, the company:

- where possible, uses recent third-party financing received by the individual lessee as a starting point, adjusted to reflect changes in financing conditions since third party financing was received;
- uses a build-up approach that starts with a risk-free interest rate adjusted for credit risk for leases, which does not have recent third-party financing; and
- makes adjustments specific to the lease, e.g. term, country, currency and security.

The company is exposed to potential future increases in variable lease payments based on an index or rate, which are not included in the lease liability until they take effect. When adjustments to lease payments based on an index or rate take effect, the lease liability is reassessed and adjusted against the right-of-use asset.

Lease payments are allocated between principal and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

Right-of-use assets are measured at cost comprising the following:

- the amount of the initial measurement of lease liability
- any lease payments made at or before the commencement date less any lease incentives received
- any initial direct costs, and
- restoration costs.

Right-of-use assets are generally depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis. If the company is reasonably certain to exercise a purchase option, the right-of-use asset is depreciated over the underlying asset's useful life.

Payments associated with short-term leases of equipment and vehicles and all leases of low-value assets are recognised on a straight-line basis as an expense in profit or loss. Short-term leases are leases with a lease term of 12 months or less. Low-value assets comprise IT equipment and small items of office furniture.

Extension and termination options

Extension and termination options are included in a number of property and equipment leases across the company. These are used to maximise operational flexibility in terms of managing the assets used in the company's operations. The majority of extension and termination options held are exercisable only by the company and not by the respective lessor.

Critical judgements in determining the lease term

In determining the lease term, management considers all facts and circumstances that create an economic incentive to exercise an extension option, or not exercise a termination option. Extension options (or periods after termination options) are only included in the lease term if the lease is reasonably certain to be extended (or not terminated).

Notes to the financial statements (continued)

(All amounts in £ thousands unless otherwise stated)

2.14 Leases (continued)

For leases of warehouses and equipment, the following factors are normally the most relevant:

- If there are significant penalties to terminate (or not extend), the company is typically reasonably certain to extend (or not terminate);
- If any leasehold improvements are expected to have a significant remaining value, the company is typically reasonably certain to extend (or not terminate);
- Otherwise, the company considers other factors including historical lease durations and the costs and business disruption required to replace the leased asset.

Most extension options in offices and vehicles leases have not been included in the lease liability, because the company could replace the assets without significant cost or business disruption.

As at 31 December 2020, potential future cash outflows of £nil (undiscounted) have not been included in the lease liability because it is not reasonably certain that the leases will be extended (or not terminated).

The lease term is reassessed if an option is actually exercised (or not exercised) or the company becomes obliged to exercise (or not exercise) it. The assessment of reasonable certainty is only revised if a significant event or a significant change in circumstances occurs, which affects this assessment, and that is within the control of the lessee. During the current financial year, the financial effect of revising lease terms to reflect the effect of exercising extension and termination options was an increase in recognised lease liabilities and right-of-use assets of £nil.

2.15 Grants

Government grants are recognised when there is reasonable assurance that the grant conditions will be met and the grants will be received.

2.16 Dividend distributions

Final dividend distributions to the company's shareholders are recognised as a liability in the company's financial statements in the period in which the dividends are approved by the company's shareholders. Interim dividends do not become a liability until they are paid.

2.17 Financial guarantees

Financial guarantees are recognised as a financial liability at the time the guarantee is issued. The liability is initially measured at fair value and subsequently at the higher of:

- The amount determined in accordance with the expected credit loss model under IFRS 9: Financial Instruments; and
- The amount initially recognised less, where appropriate, the cumulative amount of income recognised in accordance with the principles of IFRS 15: Revenue from Contracts with Customers.

The fair value of financial guarantees is determined based on the present value of the difference in cash flows between the contractual payments required under the debt instrument and the payments that would be required without the guarantee, or the estimated amount that would be payable to a third party for assuming the obligations.

Where guarantees in relation to loans or other payables of associates are provided for no compensation, the fair values are accounted for as contributions and recognised as part of the cost of the investment.

Notes to the financial statements (continued)

(All amounts in £ thousands unless otherwise stated)

3 Critical accounting estimates and judgements

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Critical accounting estimates and assumptions

The company makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions made in arriving at the carrying value of assets and liabilities are:

a) Useful economic lives of property, plant and equipment

The annual depreciation charge for property, plant and equipment is sensitive to changes in the estimated useful economic lives and residual values of the assets. The useful economic lives and residual values are reassessed annually. They are amended when necessary to reflect current estimates, based on technological advancement, future investments, economic utilisation and the physical condition of the assets. See note 11 for the carrying amount of the property, plant and equipment and note 2.4 for the useful economic lives for each class of assets.

b) Impairment of trade receivables

The company makes an estimate of the recoverable value of trade and other debtors. When assessing impairment of trade and other receivables, management considers factors including the credit rating of the receivable, the ageing profile of receivables and the historical experience. See note 14 for the net carrying amount of the receivables and associated impairment provision.

c) Defined benefit pension

The company has an obligation to pay pension benefits to certain employees. The cost of these benefits and the present value of the obligation depend on a number of factors, including: life expectancy, salary increases, asset valuations and the discount rate on corporate bonds. Management estimates these factors in determining the net pension obligation in the statement of financial position. The assumptions reflect historical experience and current trends. See note 19 for the disclosures of the defined benefit pension scheme.

d) Warranty provision

Provision is made for potential warranty costs on sales where the goods supplied are still within their warranty period. The provision is calculated on the basis of the actual cost of rectifying warranty failures and takes into account the time period before claims will be made. The calculation excludes those claims against which specific provision has already been made.

Notes to the financial statements (continued)

(All amounts in £ thousands unless otherwise stated)

3 Critical accounting estimates and judgements (continued)

e) Lease accounting

In determining the lease term, management considers all facts and circumstances that create an economic incentive to exercise an extension option, or not exercise a termination option. Extension options (or periods after termination options) are only included in the lease term if the lease is reasonably certain to be extended (or not terminated).

- For leases of warehouses, retail stores and equipment, the following factors are normally the most relevant:
- If there are significant penalties to terminate (or not extend), the company is typically reasonably certain to extend (or not terminate).
- If any leasehold improvements are expected to have a significant remaining value, the company is typically reasonably certain to extend (or not terminate).
- Otherwise, the company considers other factors including historical lease durations and the costs and business disruption required to replace the leased asset.

Most extension options in offices and vehicles leases have not been included in the lease liability, because the company could replace the assets without significant cost or business disruption.

The lease term is reassessed if an option is actually exercised (or not exercised) or the company becomes obliged to exercise (or not exercise) it. The assessment of reasonable certainty is only revised if a significant event or a significant change in circumstances occurs, which affects this assessment, and that is within the control of the lessee. During the current financial year, the financial effect of revising lease terms to reflect the effect of exercising extension and termination options was an increase in recognised lease liabilities and right-of-use assets of £nil.

f) Rebate provision

The company makes an estimate at year end for sales rebates. This is based on actual turnover, sales volumes and the contractual terms of the arrangements. Management review the assumptions within the calculations considering actual historical experience and will adapt calculations accordingly for any significant changes to contractual terms and new promotional schemes. The expected obligations are included within accrued liabilities until the actual obligation has been agreed with the customer; subsequently is reclassified to trade creditors.

g) Deferred tax asset

The company has recognised net deferred tax assets of £3,298 (2019: 3,270) (note 15). The recognition of deferred tax assets is based upon whether it is probable that sufficient taxable profits will be available in the future against which the reversal of temporary differences can be used. Where the temporary differences relate to losses or carry-forward tax amounts, the availability of sufficient forecasted taxable profits to offset against the tax amounts is also considered.

Management has used its best estimate of the future forecasted taxable, which includes a judgment on the length of the future time period to use in such assessments. Differences in forecasted taxable profits and actual profitability or a downgrade in future forecasted taxable profits could impact the deferred tax assets recognised in future periods.

Notes to the financial statements (continued)

(All amounts in £ thousands unless otherwise stated)

4 Revenue

Analysis of revenue by geography:

	2020	2019 (Restated)
United Kingdom	**431,362**	398,240
	431,362	398,240

Analysis of revenue by category:

	2020	2019 (Restated)
Sale of goods	**346,519**	293,601
Rendering of services	**84,843**	104,639
	431,362	398,240

5 Net impairment gains on financial and contract assets recognised in profit or loss

During the year, the following gains were recognised in profit or loss in relation to impaired financial assets:

	2020	2019
Impairment gains		
- Movement in gain allowance for trade receivables and contract assets	**354**	474
Net impairment gains on financial and contract assets	**354**	474

Of the above impairment gains, £354 (2019: £474) relate to receivables arising from contracts with customers (see note 6).

Notes to the financial statements (continued)

(All amounts in £ thousands unless otherwise stated)

6 Operating profit

Operating profit is stated after charging/(crediting):

	2020	2019
Wages and salaries	**29,090**	32,613
Social security costs	**4,295**	4,347
Other pension costs (note 19)	**1,851**	1,759
Government grant – Job Retention Scheme (recognised in Other income)	**(1,742)**	-
Staff costs	**33,494**	38,719
Depreciation of owned property, plant and equipment	**1,803**	890
Depreciation of right-of-use assets	**4,386**	2,869
Amortisation of intangible assets	**848**	695
(Profit)/loss on disposal of property, plant and equipment	**(15)**	38
Inventory recognised as an expense	**339,111**	305,943
Impairment/(released provision): trade receivables	**354**	(474)
Research and development expenditure	**54,913**	58,036
Operating lease expenses	**3,878**	4,480
Foreign exchange (gains)/losses	**(68)**	(140)
Post-employment benefits - past service cost (incl. curtailments)	**52**	(1,081)
Audit fees payable to the company's auditor	**93**	100
Other fees payable to the company's auditor	**-**	-

During the year £2,250 was recognised as an expense in the profit and loss account in respect of cancellable operating leases (2019: £2,135).

Notes to the financial statements (continued)

(All amounts in £ thousands unless otherwise stated)

7 Employees and directors

Employees

The average monthly number of persons (including executive directors) employed by the company during the year was:

By activity	2020 Number	2019 Number
Selling and distribution	**6**	7
Administration	**604**	667
	610	674

Directors

The directors' emoluments were as follows:

	2020	2019
Aggregate emoluments	**644**	674

Post-employment benefits are accruing for 2 (2019: 2) directors under a defined contribution scheme.

Highest paid director

The highest paid director's emoluments were as follows:

	2020	2019
Total amount of emoluments and amounts (excluding shares) receivable under long-term incentive schemes	**308**	375

Notes to the financial statements (continued)

(All amounts in £ thousands unless otherwise stated)

8 Finance income and expense

Finance income

	2020	2019
Bank interest income	**97**	34
Other gains	**-**	129
Total finance income	**97**	163

Finance expense

	2020	2019
Net cost of post-employment benefits	**184**	288
Interest and finance charges paid/payable for lease liabilities and financial liabilities	**167**	529
Total finance expense	**351**	817

Net finance expense

	2020	2019
Finance income	**97**	163
Finance expense	**(351)**	(817)
Total finance expense	**(254)**	(654)

Notes to the financial statements (continued)

(All amounts in £ thousands unless otherwise stated)

9 Income tax

Tax expense included in profit or loss:

	2020	2019
Current tax:		
- UK corporation tax on profits for the year	**3,164**	1,311
- Foreign taxation	**53**	-
- Adjustment in respect of prior periods	**(980)**	216
Total current tax	**2,237**	1,527
Deferred tax:		
- Origination and reversal of timing differences	**(242)**	633
- Impact of change in tax rate	**-**	(38)
- Adjustments in respect of prior periods	**23**	(38)
Total deferred tax	**(219)**	557
Tax on profit recognised in the income statement	**2,018**	2,084

Tax charge for the year is lower (2019: higher) than the standard rate of corporation tax in the UK for the year ended 31 December 2020 of 19.00% (2019: 19.00%). The differences are explained below:

	2020	2019
Profit before taxation	**15,459**	7,818
Profit multiplied by the standard rate of tax in the UK of 19.00% (2019: 19.00%)	**2,937**	1,485
Effects of:		
- Remeasurement of deferred tax – change in UK tax rate	**(382)**	(38)
- Accelerated capital allowances	**182**	86
- Tax exempt revenues	**(17)**	(79)
- Expenses not deductible for tax purposes	**212**	177
- Pension acquisition from Kliklok	**-**	275
- Foreign tax credits	**43**	-
- Adjustments in respect of prior periods	**(957)**	178
Tax charge	**2,018**	2,084

Notes to the financial statements (continued)

(All amounts in £ thousands unless otherwise stated)

9 Income tax (continued)

The corporation tax rate for the current year is 19.00%. Changes to the UK corporation tax rates were substantively enacted as part of the Finance Bill 2020 (on 17 March 2020) reversing the previously enacted planned reduction from 19% to 17%.

Deferred taxes at the date of the statement of financial position have been measured using the enacted rate of 19% (2019: 17%) and are reflected in these financial statements.

In the 3 March 2021 Budget, it was announced that the UK tax rate will increase to 25% from 1 April 2023. This will have a consequential effect on the company's future tax charge. If this rate change had been substantively enacted at the current balance sheet date any deferred tax assets/liabilities recognised would need to be updated to reflect this rate change.

10 Intangible assets

	Customer contracts	Software	Intellectual property	Total
Cost				
As at 1 January 2020	450	65	3,589	**4,104**
Additions	99	-	-	**99**
As at 31 December 2020	**549**	65	3,589	**4,203**
Accumulated amortisation and impairment				
At 1 January 2020	-	-	1,390	**1,390**
Amortisation	137	16	695	**848**
As at 31 December 2020	137	16	2,085	**2,238**
Net book amount				
As at 31 December 2019	450	65	2,199	**2,714**
As at 31 December 2020	**412**	**49**	**1,504**	**1,965**

The amortisation charge is recognised in the following line items in the profit and loss account:

	2020	2019
Administrative expenses	**848**	695
	848	695

Notes to the financial statements (continued)

(All amounts in £ thousands unless otherwise stated)

11 Property, plant and equipment

	Long-term leasehold property	Plant and machinery	Total
Cost or valuation			
As at 1 January 2020	7,891	6,625	**14,516**
Additions	284	139	**423**
Disposals	-	(105)	**(105)**
As at 31 December 2020	8,175	6,659	**14,834**
Accumulated depreciation			
As at 1 January 2020	5,652	4,455	**10,107**
Disposals	-	(81)	**(81)**
Depreciation	1,196	607	**1,803**
As at 31 December 2020	6,848	4,981	**11,829**
Net book amount			
As at 31 December 2019	2,239	2,170	**4,409**
As at 31 December 2020	**1,327**	**1,678**	**3,005**

Notes to the financial statements (continued)

(All amounts in £ thousands unless otherwise stated)

12 Leases

This note provides information for leases where the company is a lessee.

Amounts recognised in the balance sheet

The balance sheet shows the following amounts relating to leases:

Right of Use Assets	Buildings	Equipment	Vehicles	Total
Cost				
As at 1 January 2020	6,558	51	4,203	**10,812**
Additions	294	-	1,268	**1,562**
Disposals	(81)	-	(132)	**(213)**
As at 31 December 2020	6,771	51	5,339	**12,161**
Accumulated depreciation				
As at 1 January 2020	1,465	14	1,390	**2,869**
Disposals	(64)	-	(46)	**(110)**
Depreciation	2,848	14	1,524	**4,386**
As at 31 December 2020	4,249	28	2,868	**7,145**
Net book amount				
As at 31 December 2019	5,093	37	2,813	**7,943**
As at 31 December 2020	**2,522**	**23**	**2,471**	**5,016**

	2020	2019
Lease liabilities		
Current	**2,894**	2,714
Non-current	**3,718**	5,752
	6,612	8,466

Notes to the financial statements (continued)

(All amounts in £ thousands unless otherwise stated)

12 Leases (continued)

Amounts recognised in the income statement

The income statement shows the following amounts relating to leases:

	Note(s)	2020	2019
Depreciation charge		**4,386**	2,869
Interest expense (included in finance cost)	*8*	**167**	162
Lease expense relating to short-term and low value assets	*22*	**156**	124
		4,709	3,155

A maturity analysis of lease liabilities based on an undiscounted gross cashflow is as follows:

	2020	2019
Not later than one year	**3,061**	2,863
Later than one year and not later than five years	**3,451**	5,303
More than five years	**267**	462
Total gross payments	**6,779**	8,628
Impact of finance expenses	**(167)**	(162)
Carrying amount of liability	**6,612**	8,466

The total cash outflow for leases was as follows:

	2020	2019
Lease payments	**3,109**	2,308
Lease interest	**167**	162
Short-term lease payments	**156**	124
	3,432	2,594

Notes to the financial statements (continued)

(All amounts in £ thousands unless otherwise stated)

13 Inventories

	2020	2019
Raw materials	**-**	3
Work-in-progress	**29**	211
Finished goods and goods for resale	**1,961**	2,913
	1,990	3,127

There is no significant difference between the replacement cost of inventories and their carrying amounts.

Inventories are stated after provisions for impairment of £281 (2019: £369).

14 Trade and other receivables

	2020	2019
Trade receivables	**78,830**	54,793
Amounts owed by group undertakings	**15,169**	21,578
Corporation taxation	**-**	1
Deferred taxation	**3,298**	3,270
Other debtors	**28**	8
Prepayments and accrued income	**594**	3,334
	97,919	79,714
Due within one year	**94,613**	76,436
Due after more than one year	**3,306**	3,278

The amounts owed by group undertakings are unsecured, interest free, have no fixed date of repayment and are receivable on demand.

Trade receivables are stated after provisions for impairment of £1,012 (2019: £1,523).

Notes to the financial statements (continued)

(All amounts in £ thousands unless otherwise stated)

15 Deferred tax

The asset for deferred tax consists of the following deferred tax liabilities/(assets):

	2020	2019
Deferred tax assets due within 12 months	-	-
Deferred tax liabilities due within 12 months	-	-
Total asset/(provision)	-	-

	2020	2019
Deferred tax assets due after 12 months	**3,612**	3,644
Deferred tax liabilities due after 12 months	**(314)**	(374)
Total asset/(provision)	**3,298**	3,270

Total deferred tax asset	**2020**	2019
Total asset	**3,298**	3,270

Notes to the financial statements (continued)

(All amounts in £ thousands unless otherwise stated)

15 Deferred tax (continued)

Deferred tax liabilities	Intangible assets	Other temporary diffs.	Total
At 1 January 2019	492	-	**492**
Charged/(credited) to the income statement	(118)	-	**(118)**
Charged/(credited) directly to other comprehensive income	-	-	-
At 31 December 2019	374	-	**374**
Charged/(credited) to the income statement	(374)	314	**(60)**
Charged/(credited) directly to other comprehensive income	-	-	-
At 31 December 2020	-	314	**314**

Deferred tax assets	Property, plant and equipment	Stocks	Financial assets	Employee benefits	Provisions	Tax losses	Total
At 1 January 2019	1,350	29	238	2,105	103	-	**3,825**
(Charged)/credited to the income statement	(251)	-	(45)	(423)	(61)	106	**(674)**
(Charged)/credited directly to other comprehensive income	-	-	-	493	-	-	**493**
At 31 December 2019	1,099	29	193	2,175	42	106	**3,644**
(Charged)/credited to the income statement	20	(29)	(193)	(495)	915	(60)	**158**
(Charged)/credited directly to other comprehensive income	-	-	-	(190)	-	-	**(190)**
At 31 December 2020	**1,119**	-	-	**1,490**	**957**	**46**	**3,612**

Notes to the financial statements (continued)

(All amounts in £ thousands unless otherwise stated)

16 Creditors: amounts falling due within one year

	Note(s)	**2020**	2019
Trade creditors		**5,069**	2,203
Amounts owed to group undertakings		**55,995**	38,884
Corporation tax payable		**611**	160
Taxation and social security		**15,367**	7,541
Lease liabilities	*12*	**2,894**	2,714
Other creditors		**106**	208
Accruals and deferred income		**23,292**	22,120
		103,334	73,830

The amounts owed by group undertakings are unsecured, interest free, have no fixed date of repayment and are repayable on demand.

17 Creditors: amounts falling due after more than one year

Amounts falling due after more than one year and less than five years:

	Note(s)	**2020**	2019
Lease liabilities	*12*	**3,451**	5,291
Accruals and deferred income		**420**	420
		3,871	5,711

Amounts falling due after more than five years:

	Note(s)	**2020**	2019
Lease liabilities	*12*	**267**	461
Accruals and deferred income		**1,452**	1,557
		1,719	2,018
Total		**5,590**	7,729

Notes to the financial statements (continued)

(All amounts in £ thousands unless otherwise stated)

18 Provisions for liabilities

	Dilapidation provision	Warranty provision	Property lease commitments	Re-organisation provision	Total
At 1 January 2020	200	482	532	6	**1,220**
Additions to the income statement	150	119	279	-	**548**
Amounts utilised	-	(12)	(3)	(6)	**(21)**
At 31 December 2020	**350**	**589**	**808**	**-**	**1,747**

Dilapidation provision

The provision for dilapidations relates to expected costs to bring the leasehold properties to their original condition under contractual obligations existing at the date of the statement of financial position.

It is expected that the majority of this expenditure will be incurred within five years of the date of the statement of financial position.

Warranty provision

The provision for product warranties relates to expected warranty claims on products sold in the last three years. It is expected that the majority of this expenditure will be incurred in the next financial year and the balance will be incurred within four years of the date of the statement of financial position.

Property lease commitments

The provision for property lease commitments relates to costs arising on vacant property leases.

Reorganisation provision

The provision relates to staff redundancies as a result of group reorganisation.

Notes to the financial statements (continued)

(All amounts in £ thousands unless otherwise stated)

19 Post-employment benefits

The company operates a number of pension schemes for its employees.

Defined benefit scheme

The company participates in a defined benefit scheme providing benefits based on final pensionable pay that runs for Bosch group companies called the Bosch UK Retirement Benefits Scheme (BUK RBS). The assets of pension scheme are held separately from those of the company. The amounts in the financial statements, relating to this pension scheme, are based on a full actuarial valuation dated 31 December 2020. It was agreed by the companies participating in the scheme that the assets and liabilities would be allocated as follows:

Changes in scheme assets / liabilities	Treatment
Current service cost	Actual
Member contributions	Actual
Past benefit costs/curtailments	Actual
Interest cost	Apportionment based on beginning of year scheme liabilities and current service cost, member contributions and benefits paid over year
Employer and member contributions	Actual
Benefits paid	Actual
Expected return on assets	Apportionment based on beginning of year scheme assets and contributions net of benefits paid over the year
Actuarial gains/(losses)	Apportionment in line with expected return

The actuarial valuation of BUK RBS described above used the projected unit basis and has been updated at 31 December 2020 by a qualified independent actuary, AON Hewitt, using revised assumptions that are consistent with the requirements of IAS19 *Employee Benefits*. Under the definitions set out in IAS19, the BUK RBS is a multi-employer pension scheme. The deficit for the scheme as a whole at 31 December 2020 is £24,824 (2019: £30,611).

The information disclosed below is in respect of the whole of the plan for which the company is either the sponsoring employer or has been allocated a share of the cost under an agreed group policy throughout the periods shown.

Notes to the financial statements (continued)

(All amounts in £ thousands unless otherwise stated)

19 Post-employment benefits (continued)

Actuarial assumptions

The following are the principal actuarial assumptions at the reporting date (expressed as weighted averages).

	2020	2019
	%	%
Expected rate of salary increases	**2.65**	2.70
Expected rate of increase of pensions in payment		
- RPI min 0%, max 5%	**2.80**	3.10
- RPI min 3%, max 5%	**3.50**	3.55
- RPI min 0%, max 3%	**2.30**	2.50
- CPI min 0%, max 5%	**2.15**	2.20
Discount rate	**1.40**	2.00
Rate of inflation	**2.15**	2.20

Assumptions regarding future mortality are set, based on actuarial advice, in accordance with published statistics and experience in the UK. These assumptions translate into an average life expectancy in years for a pensioner retiring at age 65:

	2020	2019
	Years	Years
Longevity at age 65 for current pensioners:		
- Men	**21.6**	21.6
- Women	**24.2**	24.2
Longevity at age 65 for future pensioners:		
- Men	**23.0**	23.0
- Women	**25.8**	25.8

Notes to the financial statements (continued)

(All amounts in £ thousands unless otherwise stated)

19 Post-employment benefits (continued)

Reconciliation of scheme assets and liabilities:

	Assets	Liabilities	Total
At 1 January 2020	82,194	(91,999)	**(9,805)**
Benefits paid	(3,272)	3,272	-
Employer contributions	1,200	-	**1,200**
Past service cost	-	(53)	**(53)**
Interest income / (expense)	1,623	(1,807)	**(184)**
Remeasurement gains / (losses)	8,650	(7,649)	**1,001**
At 31 December 2020	90,395	(98,236)	**(7,841)**

The sensitivity of the defined benefit obligation to changes in the weighted principal assumption is:

	Impact on defined benefit obligation		
	Change in assumption	**Increase in assumption**	**Decrease in assumption**
Discount rate	0.50%	Decrease by 8.6 %	Increase by 9.5 %
Salary growth rate	0.50%	(See note below)*	(See note below)*
Pension growth rate	0.50%	Increase by 2.9 %	Decrease by 2.8 %
Life expectancy	Increase or decrease by 1 year	Increase by 4.4 %	Decrease by 4.4 %

*The 2020 salary increase sensitivity cannot be provided in isolation accurately owing to the nature of the deferred revaluation underpin that applies to special deferred members (these members' benefits increase at the higher of salary increases and statutory deferred revaluation). In the past, this sensitivity was available as the level of salary increase assumption was higher (relative to the deferred revaluation assumption) and hence it was much less likely that the underpin would occur. However, the salary increase assumption is now close to the deferred revaluation assumption, and therefore it is not clear that the salary linked benefit would be higher for all special deferred members. It is expected that the change in salary increase sensitivity to be relatively negligible.

The above sensitivities are based on a change in assumption, while holding all other assumptions constant. In practice, this is unlikely to occur, and changes in some of the assumptions might be correlated. When calculating the sensitivity of the defined benefit obligation to significant actuarial assumptions, the same method (that is, present value of the defined benefit obligation calculated with the projected unit credit method at the end of the reporting period) has been applied as when calculating the pension liability recognised within the statement of financial position.

The methods and types of assumption used in preparing the sensitivity analysis did not change compared to the previous period.

Notes to the financial statements (continued)

(All amounts in £ thousands unless otherwise stated)

19 Post-employment benefits (continued)

Amounts recognised in the income statement:

	2020	2019
Past service cost	52	(1,081)
Interest cost	184	288
	236	(743)

Amounts recognised in other comprehensive income:

	2020	2019
Actuarial gain/(loss) on pension scheme	1,001	(2,901)
Gain on pension valuation due to pension transferred in	-	1,618
Movement on deferred tax relating to change in tax rates	(190)	493
	811	(790)

The fair value of the plan assets was:

	2020	2019
Equity instruments	34,937	31,506
Debt instruments	50,859	46,722
Cash and cash equivalents	309	299
Insurance contracts	4,290	3,667
Total	90,395	82,194

The return on the plan assets was:

	2020	2019
Interest income	1,623	1,863
Remeasurements	8,650	6,619
Total return on plan assets	10,273	8,482

Notes to the financial statements (continued)

(All amounts in £ thousands unless otherwise stated)

19 Post-employment benefits (continued)

Defined contribution scheme

The company established a money purchase plan in April 1990. The plan's assets are held independently from the company and invested in managed funds operated by major financial institutions. Any employee can contribute to the scheme; the company will match the employee's contribution, subject to a limit, where the limit is dependent upon the length of time each employee has been a member of the scheme.

The amount recognised as an expense for the defined contribution scheme was:

	2020	2019
Current year contributions	**1,851**	1,759

No prepayments or accruals have been made in respect of this scheme (2019: £nil).

In accordance with legislation, the company has adopted the requirements of auto-enrolment under the defined contribution scheme.

20 Share capital

Share capital

Ordinary shares of £1 each

Allotted and fully paid up	**2020** **No. (000's)**	2019 No. (000's)
On issue at 1 January	**9,300**	9,300
On issue at 31 December – fully paid	**9,300**	9,300

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the company.

Dividends

The following dividends were recognised in equity during the year:

	2020	2019
Final dividend for 2020: nil p (2019: final dividend for 2018: 72.10p) per qualifying ordinary share	-	6,705
	-	6,705

After the date of the statement of financial position the directors proposed dividends for the year end 31 December 2020 of £6,100 equivalent to 65.59 per share (2019: nil).

Notes to the financial statements (continued)

(All amounts in £ thousands unless otherwise stated)

21 Contingent liabilities

The company's banking arrangement is part of a cash pool netting arrangement with certain other UK subsidiaries of Robert Bosch GmbH, each being jointly and severally liable. No security is held over these assets.

The aggregate net surplus in hand under the terms of the agreement at 31 December 2020 amounted to £257,793 (2019: £128,461).

22 Capital and other commitments

Capital commitments

At 31 December 2020, the company had no capital commitments outstanding.

Other commitments

At 31 December 2020, the company had the following future minimum lease payments under non-cancellable operating leases as follows:

	2020	2019
Other:		
Not later than one year	**156**	124
Later than one year and not later than five years	**198**	88
	354	212

23 Related party transactions

Under FRS 101.8 j) and k) the company is exempt from Related Party Disclosures as required in paragraph 17 of IAS24 for related party transactions entered into between two or more members of a group, provided that any subsidiary which is a party to the transaction is wholly owned by such a member.

24 Controlling parties

The immediate parent undertaking is Robert Bosch UK Holdings Limited.

The ultimate parent undertaking and the smallest and largest group to consolidate these financial statements is Robert Bosch GmbH, a company incorporated in Germany. Copies of Robert Bosch GmbH consolidated financial statements can be obtained from Robert Bosch GmbH, Robert Bosch Platz 1, Gerlingen-Schillerhöhe, D-70049 Stuttgart, Germany.

The ultimate controlling party is Robert Bosch GmbH.